

Routing Slip
0-7 (Rev. 1-24-01)

INTERNAL USE ONLY

Date 10/25/01

To: ADIC/SAC,

☐ Albany
☐ Albuquerque
☐ Anchorage
☐ Atlanta
☐ Baltimore
☐ Birmingham
☐ Boston
☐ Buffalo
☐ Charlotte
☐ Chicago
☐ Cincinnati
☐ Cleveland
☐ Columbia
☐ Dallas

☐ Denver
☐ Detroit
☐ El Paso
☐ Honolulu
☐ Houston
☐ Indianapolis
☐ Jackson
☐ Jacksonville
☐ Kansas City
☐ Knoxville
☐ Las Vegas
☐ Little Rock
☒ Los Angeles
☐ Louisville

☐ Memphis
☐ Miami
☐ Milwaukee
☐ Minneapolis
☐ Mobile
☐ Newark
☐ New Haven
☐ New Orleans
☐ New York City
☐ Norfolk
☐ Oklahoma City
☐ Omaha
☐ Philadelphia
☐ Phoenix

☐ Pittsburgh
☐ Portland
☐ Richmond
☐ Sacramento
☐ St. Louis
☐ Salt Lake City
☐ San Antonio
☐ San Diego
☐ San Francisco
☐ San Juan
☐ Seattle
☐ Springfield
☐ Tampa
☐ Washington Field

To: LEGAT,

☐ Almaty
☐ Amman
☐ Ankara
☐ Athens
☐ Bangkok
☐ Berlin
☐ Bern
☐ Bogota
☐ Brasilia
☐ Bridgetown
☐ Brussels
☐ Bucharest

☐ Budapest
☐ Buenos Aires
☐ Cairo
☐ Canberra
☐ Caracas
☐ Copenhagen
☐ Frankfurt
☐ Hong Kong
☐ Islamabad
☐ Kiev
☐ Lagos
☐ London

☐ Madrid
☐ Manila
☐ Mexico City
☐ Moscow
☐ Nairobi
☐ New Delhi
☐ Ottawa
☐ Panama City
☐ Paris
☐ Prague
☐ Pretoria
☐ Riyadh

☐ Rome
☐ Santiago
☐ Santo Domingo
☐ Seoul
☐ Singapore
☐ Tallinn
☐ Tel Aviv
☐ Tokyo
☐ Vienna
☐ Warsaw

To: FBIHQ,

☐ CJIS, Clarksburg
☐ JEH FBI Building, Room _____
☐ CIRG, Quantico
☐ ERF, Quantico
☐ Training Division, Quantico

☐ Butte, ITC
☐ Ft. Monmouth, ITC
☐ Pocatello, ITC
☐ Savannah, ITC

Attention: _____

RE:

Remarks:

COMPLAINT

THE ECONOMIC CRIMES UNIT (ECU), FINANCIAL CRIMES SECTION, CRIMINAL INVESTIGATIVE DIVISION, ROOM 7373 IS FORWARDING THE ATTACHED COMPLAINT TO YOUR OFFICE FOR INFORMATION PURPOSES ONLY, FOR ANY ACTION DEEMED APPROPRIATE. A COPY OF THE RESPONSE FROM ECU TO THE COMPLAINANT IS ALSO ATTACHED.

Enc.
UCFN

FBI/DOJ

b6
b7C

196C-LA-198509

-73A

"Pump and Dump" Frauds

-- 20 --

June 21, 2001

federal constitutional guarantees, under the authority of a single state, Honorable Julius M. Title was required to and did conclude, specifically, that [redacted] self-acknowledged signature on a commercial contract involving sale of and/or security rights in numerous pornographic movies (including The Devil in Miss Jones, Debbie Does Dallas, Nasty Girls, Dangerous When Wet, Hot Dallas Nights and Never Enough, inter alia), on a printed "XVCX Order Sheet," did not overcome his claims of having never had any involvements of any kind either with hardcore pornography or with softcore pornography.

Out of complete fairness to Judge Title, who clearly was taken advantage of both by repeated perjuries by [redacted] and [redacted] and also by MatchNet plc's lawyers in having repeatedly submitted perjuries denying involvement with the pornography trade, at the point when Judge Title determined no involvement with pornography by either said gentlemen (notwithstanding [redacted] signature on a commercial contract whereby he squarely admitted having obtained some commercial interest in each one of those pornographic movies above indicated and numerous other smut films), the undersigned had not yet discovered and therefore was unable to present those indisputable facts which the California Court of Appeal had specifically documented both as to sales of up-to-32,500 copies of "hard-core pornography" films to grade schools all across the U.S., whereby many small children saw a film that Court said was involved in "giving a new meaning to the term, 'kiddie porn,'" and also formal "agreement" by a business owned and operated by MatchNet plc's self-styled "Founders" that said corporation "would not contest liability" for having supplied "porn" viewed by myriad young children and by their appropriately "horrified" teachers all across America.

b6
b7C

However, core law enforcement needs stated by Mr. Kubic cannot be achieved if state courts prevent provision of evidence of crimes to law enforcement agencies by Prior Restraints imposed on the U.S. Constitution under court threat of incarceration (as has occurred, herein, and has added many millions of dollars in needless losses, despite likely invalidity under both U.S. and also California law)!

Indeed, as the U.S. Constitution protected [redacted] and [redacted] in their international pornography trade in southern California -- as foreign visitors, who exploited this guarantee to distribute their sexual filth, all over our nation, to grade-school children -- the U.S. Constitution's core rights must protect truth, if law enforcement is to put an end to the global ponzi, which they are now running, from Beverly Hills, to cheat investors worldwide.

b6
b7C

Respectfully yours,

[redacted]

cc: Honorable Members, Subcommittee on Crime
Honorable Julius M. Title, Judge

BIGGEST FRAUD EVER.COM

June 21, 2001

Honorable John Ashcroft
Office of Attorney General
U.S. Department of Justice
Washington, D.C. 20530

Honorable Lewis J. Freeh
Office of Director
Federal Bureau of Investigation
Washington, D.C. 20535

Honorable Marvin Iannone
Office of Chief of Police
City of Beverly Hills
Beverly Hills, California 90210

Honorable Bill Lockyer
Office of Attorney General
Department of Justice
Sacramento, California 94244

Re: Global "Pump and Dump" Securities Crime Ring Run from U.S.

Generals and Gentlemen:

Simple arithmetic documents a major crime against investors by ~~MatchNet plc~~ as to at least \$697,868 of \$1,608,212 in "membership subscriptions" claimed as income, in officially-required reporting for this year's initial quarter, from so-called "dating" websites operated from its World Headquarters, in Beverly Hills, California, i.e. AmericanSingles.com, BritishSingles.co.uk, DeutscheSingles.de, EuroSingles.com, JDate.com and SocialNet.com, inter alia. With but \$1,624,022 in total revenues reported by MatchNet plc in this year, said fraud of not-less-than \$697,868 is a quintessential element of a bold international scheme to pull off the biggest "pump and dump" securities fraud, ever, for an Internet "start up" (devised by two hardcore pornographers, earlier involved in "kiddie porn," to climax next week when restricted trading ends, after having looted a substantial part of over \$31 million raised via securities frauds).

In particular, with MatchNet plc's most-recent financial report claiming 13,005 "paying" customers, in toto, divided between 7,859 in AmericanSingles.com (out of over 2,750,000 nominally signed up) at its current "maximum" fee of \$19.95 monthly and another 5,146 in JDate.com (out of over 195,000 nominally signed up) at its present "maximum" fee of \$28.50 monthly, and with three months in FY 2001's Q1, multiplying and adding yield the "maximum"-possible total which MatchNet plc could have generated from "memberships" bought by its self-purported 13,005 "paying" members (i.e. \$910,344 of \$1,608,212 in those fees recently claimed), while simply subtracting the former from the latter yields the "minimum"-possible fraud by MatchNet plc on investors from those fraudulently-reported "membership" fees falsely claimed i.e. \$697,868 of said \$1,608,212 in such revenue).

"Pump and Dump" Frauds

-- 2 --

June 21, 2001

In fact, MatchNet plc's indisputable "pump and dump" frauds on investors in the United States, Great Britain, and Germany -- along with other nations -- will quite certainly be found, ultimately, to be substantially more, since the "most probable" fraud on investors from overstated "membership" fees is now estimated to have been 102 percent (for a "most likely" \$812,238 fraud on investors via MatchNet plc's claim of \$1,608,212, for revenue unlikely above \$795,947, given the most feasible mix of "membership" prices), and with "maximum" fraud estimated at \$1,219,454 (out of a reported \$1,608,212).

Further, with statistical probability that approaches the near certainty of a minimum fraud on investors of not-less-than \$697,868 (out of \$1,608,212, in claimed "member" charges, based on inviolate mathematical principles), MatchNet plc also indisputably exploited its officially-required but fraudulently-reported financial data to defraud investors by releases of same on May 21, 2001 -- along with both related press-release materials, based squarely on this fraudulent claim, and also its formal presentation of key aspects of its said financial frauds to leading European investment professionals, on May 21, 2001, at one of Deutsche Vereinigung fur Finanzanalyse und asset management's rather-prestigious "Analystenkonferenzen."

Nor could any reasonable doubt exist that MatchNet plc's major financial frauds were successful, in immediate manipulation of public trading in its fraud-based equity securities, since prices paid for its "penny stock" promptly shot up, on May 22, 2001, to as high as \$1.47 in Xetra Floor trading (from a low of but \$1.04 previously in May, 2001), on a much higher daily volume of 134,333 shares than is usual for MatchNet plc stock, there, as well as to the same high in Frankfurt (from the identical low earlier in May, 2001), also on a much-higher daily volume of 161,169 shares than has been typical.

However, MatchNet plc's bogus revenue claim could not maintain what its promotional hype could gin up and, thus, its stock closed, on May 23, 2001, at \$1.40 in Xetra Floor trading (with a much-lower volume of 67,567 shares), and at \$1.39 in Frankfurt (on the still-high volume of 57,977), before starting another grinding collapse, over these last four weeks, until reaching a low beneath 79 and one half U.S. cents in Berlin yesterday (which appears to be the lowest price, ever, for MatchNet plc shares, since listing in June, 2000).

This whole pattern and total process is simply the most recent reiteration of MatchNet plc's criminal modus operandi -- repeatedly utilized, at quarterly intervals, approximately, over the last year -- both as to dissemination of fraudulent financial data comprising criminal violations of federal-and-state securities laws applicable to American shareholders of its unregistered stock (and of largely-parallel criminal securities law in England and in German) and also as to exploitation of such criminal acts in order to manipulate, by patently-criminal tactics, short-term spikes in its stock's prices.

Yet, despite a constant modus operandi, wild lies come and go.

"Pump and Dump" Frauds

-- 3 --

June 21, 2001

MatchNet plc's next-earlier major fraud on investors was based on a series of several genuinely-bizarre claims that its operations could and would generate very substantial income from "advertising" sales, during the final quarter of last year, at the same time that sales of both "Internet" advertising and also nearly-every type of "traditional" advertising were falling like a rock, including those by most leading magazines, newspapers, radio and television groups.

However, MatchNet plc's remarkably-bold exploitation of patent lies to cheat investors all around the world -- from its series of credibility-enhancing addresses in Beverly Hills -- worked not just once, nor even twice, but three separate times to manipulate prices of its likely-less-than-worthless "penny stock" through three brief surges: first on trumpeting its criminal securities fraud in early October, 2000; later by rapidly issuing several fraud-based claims during December, 2000; and ultimately by promulgating criminally-fraudulent financial reports in late March, 2001 (with each of its said securities crimes followed, with all the inevitability of the seasons, initially by trading of above-normal volumes of its thus-juiced shares at such fraud-inflated prices, over a short peak, and subsequently by yet-another-grinding collapse of its stock prices).

Context is essential for any possible understanding of why any publicly-traded business would have claimed on October 11, 2000 -- during the course of what was by then well recognized, worldwide, as a slump of enormous proportions in advertising sales -- that its advertising revenue was going to jump from no advertising income in the first quarter of 2000, and just \$58,550 in then-only-recently-reported results for its second quarter, to as much as \$3 million over 92 days between October 1, 2000 and December 31, 2000 (as was done by MatchNet plc in its official "Ad hoc-Mitteilung" filed with Gruppe Deutsche Borse and available online at www.neuer-markt.de).

Indeed, MatchNet plc's official "Ad hoc-Mitteilung" dated October 11, 2000 was not only very specific in its claim ("MatchNet projects a total of US\$ 2-3 million in advertising sales this quarter") but so stated it twice ("Bei MatchNet rechnet man im 4. Quartal des laufenden Geschäfts-jahres mit Werbeeinnahmen von zwei bis drei Millionen US\$" [in its German-language "Ad hoc-Mitteilung"]).

MatchNet plc's primary motive for such bizarre lie was, almost certainly, because its stock had been largely in free fall for over 100 days, by then, essentially from the instant that public trading began, as its price literally collapsed from \$7.07 per share handed over by big-and-small investors from June 20, 2000 through June 23, 2000 to MatchNet plc's investment bankers for three million shares during its week-long "flotation" -- which raised somewhat over \$21 million before its imploding shares could start to trade on Gruppe Deutsche Borse's "Neuer Markt" in Germany -- to close its first day of actual "public trading," on June 27, 2000, at a bit below \$5.62, before falling still further to end its second day of trading, on June 28, 2000, down yet another 80 U.S. cents, to just under \$4.82.

"Pump and Dump" Frauds

-- 4 --

June 21, 2001

However, the genuine carnage suffered by nearly all investors, who had handed somewhat more than \$31 million over to MatchNet plc before public trading commenced, was rather worse, in fact, since the final "Private Placement" financing round had raised \$5 million from sales of MatchNet plc's common shares for \$7.50 in March, 2000 (made within Beverly Hills without state-or-federal registration or exemption), and the next-previous Private Placement round had taken in another \$5 million from sales at \$5.00 in July, 1999 (also from Beverly Hills without state-or-federal registration or exemption).

Nor did destruction in MatchNet plc's share prices end there, even though more than a third of the company's "indicated market value" had disappeared after only two days of "public trading," as skidding shares quickly approached \$4 by July 1st and, after brief upticks during mid July, crashed under \$4 for the first time before August 1st, and then continued down to flirt with the \$3 barrier by late August (exacerbated in substantial part by a rapid fall in the euro against the dollar during this same period), as MatchNet plc's two self-styled "Pounders" -- [redacted] aka [redacted] and [redacted] aka [redacted] -- scrambled to assuage investors over the increasing divergence between rapid loss of over half of MatchNet plc's \$7.50 share value after less than 60 days of trading and their then-still-recent claims, while promoting the final round of unregistered securities sold, in California, for \$7.50 per share, that MatchNet plc's investment bankers had fully expected its equity securities to increase to \$15-to-\$25 per share (on or soon after being floated on the Neuer Markt in early 2000).

b6
b7c

After a relatively-brief upward move, in late August and early September, 2000 -- peaking, momentarily, near to \$4.50 -- MatchNet plc's stock price began a second inexorable fall which left it only two-or-three pennys above 80 U.S. cents by early in January of 2001 (before then being manipulated back to almost \$1.50, when MatchNet plc reported its fraudulent claim of \$2,919,972 in advertising revenues, in late March, 2001, before again collapsing to under \$1, in April, 2001, before then being remanipulated to nearly \$1.50, when MatchNet plc claimed \$1,608,212 in "membership" fees, which are impossible, mathematically, in late May, 2001, before falling yesterday, to an apparent "all time" low at under 79 and 1/2 U.S. cents).

In reality, every important uptick that has briefly disrupted the rather-sharp slope of the downward trendline for MatchNet plc's stock prices -- during its collapse from \$7.50, in March, 2000, in Beverly Hills, to under 80 U.S. cents, yesterday, in Berlin -- can be squarely matched to a mathematically-impossible fraud exploited by MatchNet plc to bilk investors, to an economically-inconceivable fraud utilized by MatchNet plc to cheat investors, to a logically-unbelievable fraud claimed by MatchNet plc to scam investors, or to a combination of MatchNet plc's said incredible-to-outlandish lies.

In particular, no reasonable doubt can exist about the highly-specific claims that MatchNet plc made over and over and over -- in

"Pump and Dump" Frauds

-- 5 --

June 21, 2001

issuance of one official "Ad hoc-Mitteilung" after another official "Ad hoc-Mitteilung" after another official "Ad hoc-Mitteilung" -- each asserting and reasserting, that a "total of US\$ 2-3 million in advertising sales" would be generated during FY 2000's Q4, as it first claimed, on October 11, 2000, to boost a then-already-sagging share price, which had dropped down to near \$3.20 by early October, 2000 (due in part to the continuing slide of the euro), and, therefore, was starting to flirt with the key \$3 barrier and, thus, descent into largely indisputable status as a "penny stock" (which is viewed, quite widely, as any stock sold at less than \$5 per share).

Hence, on October 11, 2000, in these specific circumstances as to MatchNet plc's then-tottering share prices, and as to increasing anxiety by shareholders, who had handed more than \$31 million over at \$5 per share in July, 1999 (totalling \$5 million), at \$7.50 per share in March, 2000 (totalling another \$5 million), and at \$7.07 per share in June, 2000 (for more than 21 million), and despite the huge advertising-sales problems facing nearly every "media" company in the world at that time (Internet, magazine, newspaper, radio and television alike), MatchNet plc issued its very explicit claim that it could and would generate "US\$ 2-3 million in advertising sales" in that particular calendar quarter; and two major things happened.

First, MatchNet plc's claim boosted its descending share price up quite marginally -- never to above \$4 -- and did so but briefly.

Second, and more crucially, after MatchNet plc's absurd claim failed to hold its price above the \$3 psychological level, its rate of price fall rapidly increased, in the last half of October, 2000, and then escalated still more precipitously, in mid November, 2000, when its price first smashed down through the \$2-per-share ceiling.

By the end of November, 2000, MatchNet plc's share values had not merely dropped below the \$2 threshold, nor just broken through the EU2 divide: rather, it was then very rapidly nearing the final possible psychological landing where MatchNet plc might possibly be able to defend its price -- i.e. at EU1.50, or approximately \$1.25, as euro values also continued to lose ground then against U.S. dollars -- before falling into the trading cellar (below \$1 and EU1).

Defend MatchNet plc did, during December, 2000, as flurries of highly specific claims were issued, from Beverly Hills, to global investors about one advertising-deal claimed after another followed by still another (each issued both in English and also in German).

On December 6, 2000, MatchNet plc's officially-issued "Ad hoc-Mitteilung" claimed to have "sign[ed] advertising agreements worth US\$ 1.25 million" ("MatchNet plc unterzeichnet Werbeverträge im Wert von 1,25 Millionen US Dollar"). On December 11, 2000, the official "Ad hoc-Mitteilung" claimed that "ApartmentGuide.com generates advertising revenues of around US\$1.15 million for MatchNet plc" ("ApartmentGuide.com bringt MatchNet plc Werbeeinnahmen in

"Pump and Dump" Frauds

-- 6 --

June 21, 2001

Hohe von etwa 1,15 Millionen US Dollar"). On December 14, 2000, a third officially promulgated "Ad hoc-Mitteilung" distributed in only seven business days not only purported that "MatchNet plc concludes advertising deal worth US\$ 450,000" ("MatchNet plc schliesst Werbe-Deal in Höhe von 450.000 US Dollar"), but also claimed it as constituting "the fourth advertising deal in a very short period of time. Accordingly, MatchNet plc has been able to book an increase in advertising revenue of US\$ 2.85 million" (i.e. "1st dies vierte Werbe-Deal in kürzester Zeit. Damit verzeichnet MatchNet ein Plus an Werbeeinnahmen von insgesamt 2,85 Millionen US Dollar").

However, MatchNet plc's furious claims made through one of its officially-issued "Ad hoc-Mitteilungen" right after another promptly resulted in two further problems, which each proved rather serious.

First, after MatchNet plc's share prices briefly jumped on the Neuer Markt in the first half of December, 2000 -- in precisely the dramatic manner that speculative "penny stocks" can be manipulated, on several "alternative" exchanges in Europe, which are operated as so-called "new markets," with substantially fewer protections for investors, both by regulatory authorities and also by borse officials, than in the United States -- its share prices started to drop, very sharply, again, during the second half of December, 2000; and, by year end, its equities were flirting with the undeniable "penny stock" definition provided by actual trades below \$1 (or even EU1). Indeed, by early in January, 2001, MatchNet plc's shares had traded not only below \$1, and under EU1, but as low as circa 83 U.S. cents (before rising a bit and settling into a range, slightly above EU1, that often moved just above and just below \$1 as euros fluctuated).

Second, after having made numerous claims about earning "US\$ 2-3 million in advertising sales" in FY 2000's Q4 to try to erect a fire wall at EU1.5 in early December, 2000 -- which had not held and, rather, had been burned through very quickly, before its share prices collapsed into the trading-pit hell of those outright "penny stock" operations bought and sold from the basement level of a by-now-somewhat discredited Neuer Markt -- MatchNet plc's had no real choice but to g n up revenues which it had already claimed to book.

Hence, MatchNet plc's Annual Report for FY 2000, which issued on or about the last day allowed by Gruppe Deutsche Borse rules, is not only a bad financial joke but a "fiscal tease" slightly veiling "cook the books" frauds written everywhere -- from sub silentio alterations in core groupings from prior quarterly and annual reporting, to major numbers that simply cannot add up in any logical way, to huge-and-unexplained increases in crucial payable-and-receivable categories, to creation of a large "bad debt" reserve for the first time (for websites that derive nearly all revenues from credit card sales), and, likely most telling, to auditor bells rung from within urgent footnotes as to booked "barter" advertising, and a financial "miracle" whereby a single quarter of "Advertising revenue accounts for approximately 46% of the Company's revenue" for all of FY 2000!

"Pump and Dump" Frauds

-- 7 --

June 21, 2001

However, many pictures being worth a thousand words, at least two portraits in view, today, are likely worth 10,000 words apiece.

First, a 12-month chart, available at www.neuer-markt.de, well documents the downward slope of MatchNet plc's share prices, graphically, with occasional punctuation in brief spikes upward as "cook the books" frauds were used to exploit global investors repeatedly.

Second, a five-quarter grid made out by data also available at www.neuer-markt.de documents an incredible fourth-quarter financial "miracle" claimed by MatchNet plc's self-styled "Founders," in its FY 2000 Report, despite \$8,903,899 in losses that bled, in red ink, from management's hands (and that would have been nearly \$3 million worse without this "one-time-only" financial miracle thus claimed).

In particular, with MatchNet plc having released its financial report for FY 2001's Q1 (as to advertising revenues that it represented to investors in officially-required disclosures of financial operations pursuant to earlier averments through its series of very rapid-fire and totally-specific "Ad hoc-Mitteilung" claims), simple side-by-side-by-side comparisons outline a picture likely much more powerful than anything probably paintable even with 100,000 words:

	<u>Q1: 2000</u>	<u>Q2: 2000</u>	<u>Q3: 2000</u>	<u>Q4: 2000</u>	<u>Q1: 2001</u>
<u>Advertising</u>	\$ 0	\$ 58,550	\$ 173,622	\$2,919,972	\$ 38,186

With the not-less-than \$697,868 fraud in revenues claimed from mathematically impossible "membership subscription" fees, MatchNet plc's claimed numbers are still more marvelous (and clearly false):

	<u>Q1: 2000</u>	<u>Q2: 2000</u>	<u>Q3: 2000</u>	<u>Q4: 2000</u>	<u>Q1: 2001</u>
<u>Advertising</u>	\$ 0	\$ 58,550	\$ 173,622	\$2,919,972	\$ 38,186
<u>Memberships</u>	\$524,192	\$818,720	\$1,002,519	\$1,250,910	\$1,608,212
<u>All Revenue</u>	\$611,648	\$836,431	\$1,196,158	\$4,223,134	\$1,624,022

Simply stated, only in the "cook the books" world of criminal securities frauds can numbers perform such tricks: especially when MatchNet plc's bizarre "claims" of skyrocketing revenues from sales of advertising were occurring, purportedly, over precisely the same period when such sales throughout the whole worldwide web were well recognized to have been imploding, undeniably -- in essentially ALL Internet sectors, except for MatchNet plc's reports -- and when its claims dropped back to just \$38,186, immediately, in Q1 of FY 2001!

In reality, given both the extensive history of MatchNet plc's two self-styled "Founders" in major "cook the books" frauds earlier in their undisclosed careers as hardcore pornographers (when their prior pornography operations were "taken public" through an Initial

"Pump and Dump" Frauds

-- 8 --

June 21, 2001

Public Offering floated in Israel in 1995), and given also the fact of mathematical certainty as to their most recent "cook the books" frauds (as to no-less-than \$697,868, out of \$1,608,212, in "membership subscription" fees claimed by MatchNet plc in late May, 2001), its "official" financial report of advertising sales is simply more strong evidence of still another quite bold "cook the books" fraud.

In fact, MatchNet plc's said modus operandi evidences not just major parallels to "cook the books" frauds by the two pornographers who are its self-styled "Founders" in their earlier fraudulent Initial Public Offering on the Tel Aviv stock exchange (as documented both by Coopers & Lybrand LLP's report, dated April 3, 1995, which declined to render an audit opinion because of an "investigation by the Israeli court for various alleged irregularities, which include in part breach of fiduciary obligations, preferential pricing to related parties, issuing duplicate invoices, fraudulent withdrawal of funds and falsification of documents," and also by a key report by a [redacted] appointed by that court as a [redacted] after a leading investment house filed fraud charges against them there), but also important similarities to those financial irregularities previously ascribed to another international pornographer, whom they caused to take over MatchNet plc's pivotal credit card operations, in September, 1999, when the checkered financial histories of said two self-styled "Founders" prevented acquisition of a "merchant account" for credit card sales and thus substantially delayed its then-announced plans to float MatchNet plc's second Initial Public Offering before December 31, 1999 (i.e. his involvement with the then-NASDAQ-traded Hungarian Broadcasting Corporation's rather-notorious collapse, as the New York Observer identified, upon October 12, 1998, long before he took over MatchNet plc's pivotal credit-card operations, according to MatchNet plc's Prospectus, online, also at www.neuer-markt.de).

b6
b7c

Beyond documentary evidence of "cook the books" histories with hardcore pornography by MatchNet plc's self-styled "Founders" -- as well as of key information about a third international pornographer whom they explicitly involved with MatchNet plc -- much additional information exists which merits careful analysis by your respective offices' law-enforcement and prosecutorial professionals (and by your English and German counterparts), as urgent parts of indicated criminal investigations, indictments, arrests, and prosecutions).

For example, fraud litigation filed against MatchNet plc, its two self-styled "Founders" and other defendants by a long-time business partner of [redacted] and [redacted] in April, 2000, squarely asserted that, "as a result of an investigation report in Israel conducted by a court appointed investigator which report concluded that [redacted] and [redacted] engaged in misconduct and fraud, Plaintiff [redacted] was forced to agree to a settlement with the minority shareholder in order to save [redacted] and [redacted] from criminal prosecution in Israel [in November, 1996]" (Complaint at 4, Los Angeles County Superior Court Case No. BC-228886).

b6
b7c

"Pump and Dump" Frauds

-- 9 --

June 21, 2001

While MatchNet plc's Prospectus for its second Initial Public Offering, issued in late June, 2000, disclosed [redacted] case for frauds and indicated agreement by [redacted] and [redacted] "to indemnify the Company for any damages and all costs, including legal fees, incurred in connection with [redacted] claim." it did not disclose the pivotal and highly-material facts that [redacted] sworn-out claims were clearly premised on his having been -- due to clearly-reported criminal securities frauds by his said partners in an earlier "cook the books"-based Initial Public Offering in Israel -- "forced to agree to a settlement with the minority shareholder in order to save [redacted] and [redacted] from criminal prosecution in Israel."

b6
b7C

Also before MatchNet plc's shares began trading, on the Neuer Markt in Frankfurt, on June 27, 2000 -- following a week-long flotation for its second Initial Public Offering from June 20, 2000 to June 23, 2000 -- one of the world's largest "phone sex" operations, Amtec Audiotext, Inc., had filed federal racketeering litigation in U.S. District Court in Los Angeles, praying for damages of at least \$280 million, based in major parts on claimed manipulations of "the actual business and customer base of MatchNet in preparation of an upcoming Initial Public Offering (IPO) of securities" and on other crimes involving an "on-going scheme of diverting incoming internet credit card transactions in an effort to inflate the actual business and customer base of other business entities, such as MatchNet, PLC" (sic) (RICO Complaint at 9, USDCLA Case No. CV-00-06784).

Needless to say, MatchNet plc's Prospectus for its second Initial Public Offering disclosed neither this racketeering litigation nor its key claims about MatchNet plc's direct involvement in major securities and tax evasion crimes, whereby the third international pornographer who took over MatchNet plc's key credit card functions for [redacted] and [redacted] -- and who is both identified in MatchNet plc's Prospectus, available at www.neuer-markt.de, and also referenced hereinabove -- was alleged to have ginned up MatchNet plc's revenues through "cook the books" frauds on investors by diverting some portion of up-to-\$50 million per year generated from "phone sex" operations owned and controlled by his wife and by him (through Amtec Audiotext, Inc. and several other corporations), on-line pornography (through YoungRunaways.com and other websites) and a wide variety of print and other "adult entertainment" businesses.

b6
b7C

Nor has all fraud-and-racketeering litigation naming MatchNet plc been filed by persons previously involved in pornography operations with them, or by companies currently engaged in "phone sex," pornography and the like. Quite to the contrary, another prominent fraud suit begun against MatchNet plc and against [redacted] and [redacted] in December, 2000, was filed by a leading anti-"porn" cleric, whose major "celebrity" status has been developed in key part by his highly-visible public opposition to "phone sex," to pornography and to other aspects of the global sex trade, and whose claims aver actionable harm due to his "unknowing" involvement with smut merely by association with them (USDCLA Case No. CV-00-13198).

b6
b7C

"Pump and Dump" Frauds

-- 10 --

June 21, 2001

However, in filing federal litigation against MatchNet plc and its two self-styled "Founders" based on fraud and on 13 other bases for relief, [redacted] pleadings go well beyond stated slime-by-association concerns: including allegations that one-or-more of MatchNet plc's websites are engineered so that connections to the Internet were designed "in such a way that when people visit certain pornographic sites, it appears as if those people have visited MatchNet even though they have not," which is alleged to have been "especially harmful to [redacted] reputation, in light of his well-publicized opposition to pornography" (Complaint at 10).

b6
b7C

In particular, several of [redacted] major claims devolve from him, belatedly, having "also learned that, on information and belief, Defendants [MatchNet plc, [redacted] and [redacted] have engaged in several past businesses designed to defraud the public, have been sued in excess of 37 times, and have abandoned prior businesses in an attempt to avoid debts and obligations" (Ibid); that [redacted] and [redacted] had misrepresented "that the Company and its principals were completely honest and reputable, that MatchNet was an extremely successful Internet company with many 'hits,' [and] that upon being offered for public sale their stock would have a value of \$20-\$25 per share" (Complaint at 4); and that he would be denied both many promised "options in the company," and also "a fee of five percent (5%) of all capital raised for the Company where [redacted] is the procuring cause" (Complaint at 5).

b6
b7C

Adding insult to injury for this celebrity cleric, so scorned, [redacted] learned these rather-harsh facts after he had already "promoted the Company on national and local television appearances, arranged public events with thousands of people in attendance and introduced the Company and its services to celebrities, members of the media, and extremely credible and wealthy investors" (Complaint at 6), including, crucially for [redacted] on two fronts, MatchNet plc's refusal "to pay [redacted] the [five percent] finders' fee, on the pretense that they were doing the investor a favor, and therefore no finders' fee was warranted" (Complaint at 7), after he had both located and also introduced said very prominent Australian investor to [redacted] and [redacted] and after, in acting through MatchNet plc's two self-styled "Founders," "[i]n reality, the Company lied to, mistreated and dealt dishonestly with the investor, including among other things giving the investor a less-favorable return on his money than the public was given at the IPO" (whereby this investor reportedly paid \$12.50 per share to purchase unregistered MatchNet plc equity securities, in Beverly Hills, only weeks before the second flotation in Germany in June, 2001), which "fraudulent conduct directed toward the investor caused strain in [redacted] relationship with the investor, and harm to [redacted] good name and reputation, among other things" (Ibid), including the to-him key-reiterated fact that, "beginning in or about March 2000 and continuing thereafter," [redacted] and [redacted] misrepresented, in Beverly Hills, "that the Company would be offered for public sale at \$20-\$25 per share" (Complaint at 11).

b6
b7C

"Pump and Dump" Frauds

-- 11 --

June 21, 2001

Nor was [redacted] the only investor encouraged, in or from Beverly Hills, during the critical months of January, 2000 to June, 2000, to buy or to promote MatchNet plc's unregistered securities, through patent claims that its shares would soon be selling at \$25.

b6
b7c

Quite to the contrary, in a rather-extended sequence of formal letters, emails and other communications, [redacted] -- located at every point in Beverly Hills -- repeatedly encouraged [redacted] -- located at all times in San Rafael, California -- to exchange a note for \$760,000 due from MatchNet plc, in cash, on March 1, 2000, for its unregistered equities, at a purported "bargain" price of \$6 per share (which included oral representations made by [redacted] repeatedly, that its stock would trade at \$25 per share, very soon, as he had claimed to [redacted] and to other deceived shills for its unregistered equity securities and to key potential investors).

b6
b7c

Indeed, even [redacted] more-"discreet" written inducements to [redacted] prominently included as a specific claim (likely first made, in writing, on January 10, 2000): "MatchNet has engaged BHF Bank AG to lead its IPO in the Neuer Markt at the end of March or the beginning of April. The projected IPO share price is \$15-\$25."

b6
b7c

However, when [redacted] requested in writing, from San Rafael, on or about January 31, 2000, "the same opportunity you offer the [all other] potential investors to 'examine all material books and records of the Corporation' [quoting from MatchNet plc's Private Placement memorandum sent to him from Beverly Hills] so that I can perform the due diligence required to make an intelligent decision" (respecting acceptance of unregistered securities, instead of cash, for the full amount of a \$760,000 note), [redacted] response was both almost immediate, by email, and also extremely abrupt: "There will be no examination of MatchNet's books. The extent of review that we will allow is a review of our June 30 audited financial statements as well as, possibly, management accounts for Dec (sic) 31, 1999. Anything further may be done by questions to be posed to me by your nominated person and I will choose whether or not MatchNet can answer [redacted] MatchNet plc [redacted] MatchNet.com"

b6
b7c

Having been told, in writing, that MatchNet plc's unregistered equity securities would be trading for \$15-\$25 (within weeks), and were being offered to him, in California, for only \$6 (if, but only if, both exchanged for all \$760,000 owed on March 1, 2000, in cash, and also so exchanged without the ability to "examine all material books and records of the Corporation," as MatchNet plc's so-called Private Placement memorandum sent to San Rafael from Beverly Hills to induce such stock-only exchange had explicitly represented), [redacted] balanced his obvious desire to at least double \$760,000, and, maybe, even to quadruple over three quarters of a million dollars, in only a few weeks, but he passed, after [redacted] curtly denied his request to "examine all material books and records of the Corporation," as its Private Placement memorandum explicitly promised, with his veto: "There will be no examination of MatchNet's books."

b6
b7c

"Pump and Dump" Frauds

-- 12 --

June 21, 2001

Other residents of California who bought MatchNet plc's unregistered securities for \$7.50 in March, 2000 (including but not limited to Daniel Bender) and others who bought its unregistered stock in Beverly Hills in 2000 (including but not limited to the investor to whom [redacted] promoted its equity securities, using claims made to him that MatchNet plc shares would start trading at \$20-to-\$25, who is believed to be [redacted] did not fare so well: due to numerous patent lies used by MatchNet plc to sell its equities.

b6
b7c

Nor did such fraud begin with [redacted] or with [redacted] MatchNet plc's Prospectus, first promulgated in London for its Initial Public offering, in October, 1998, and later reused repeatedly in Beverly Hills, through June, 1999, is filled with myriad affirmative misrepresentations and material omissions, including several major-and-explicit frauds utilized to cover up the "cook the books" frauds employed by MatchNet plc's self-styled "Founders" to market a public offering in Israel, fraud-based litigation filed by minority shareholders there and a Special Master's quite adverse report.

b6
b7c

Further, recent financial misconduct by MatchNet plc's self-styled "Founders" -- in order to loot the corporation's assets from its defrauded investors -- resulted in more major securities frauds against shareholders under MatchNet plc's said initial Prospectus.

In particular, MatchNet plc's first Prospectus issued in Great Britain in late 1998, and used there and in the United States until at least mid 1999, very explicitly represented both that its operations would generate a profit of between \$1,038,700 and \$1,982,200, "before taxation," in FY 2000 (versus a NOMINAL loss of \$8,903,899 reported by MatchNet plc for FY 2000 and a much-more-likely ACTUAL loss of at least \$12 million for FY 2000 given fraudulently-claimed advertising revenues of \$2,919,972 nominally booked in FY 2001's Q4 and given highly likely "cook the books" frauds as to claimed revenues from "membership subscription" fees throughout all of FY 2000, in order to show steady growth, in this key category) and also that the compensation package to be paid to its [redacted]

b6
b7c

[redacted] From 1999 to 2001, was explicitly "tied" to achieving the \$1,038,700 to \$1,982,200 in "before taxation" profit during FY 2000 (as indicated by said official Prospectus' explicit statements that [redacted] would be paid a salary of \$139,4000 per year, with no regard to fiscal results, but that "a bonus will be paid, at the directors' discretion, if the Company meets its Illustrative Financial Projections. [redacted] Service Agreement will be subject to annual review" (which thereby limits his compensation package).

However, notwithstanding MatchNet plc's issuance of its official Prospectus in England in late 1998 (in order to sell its stock to investors), notwithstanding its repeated reuse of its official Prospectus by redistributing same in California and throughout the United States until at least mid 1999 (including to acquire highly-valuable assets by means of offers combining cash and/or like-kind exchanges of corporate shares squarely based on said official Pro-

"Pump and Dump" Frauds

-- 13 --

June 21, 2001

spectus), and notwithstanding acquisition of quintessential assets on said bases (including, crucially, AmericanSingles.com), MatchNet plc's Board of Directors purportedly awarded 500,000 common shares to [REDACTED] as of March 30, 2001, as a so-called "Performance" bonus for having managed to lose not-less-than \$8,903,899 "before taxation" (on claimed gross revenue of \$6,897,471), rather than for having earned \$1,982,200 in profits (on projected gross revenues of only \$5,360,100 in the Prospectus issued in London and promulgated from Beverly Hills): for a "nominal" loss of at least \$10,886,009 more, in FY 2000, than was represented to all investors in MatchNet plc stock from late 1998 to mid 1999 (despite reported "gross revenue" that was allegedly well over \$1.5 million beyond projections).

b6
b7c

In addition, materials available at www.neuer-markt.de suggest that MatchNet plc's Board of Directors purportedly awarded 500,000 common shares to [REDACTED] as well, on March 30, 2001, as a parallel "Performance" bonus for his key role in losing at least \$8,903,899, before taxes, in FY 2000, and likely a good deal more, notwithstanding Prospectus requirements for any "bonus" whatsoever!

b6
b7c

Further, reasonable investigation by any law-enforcement agent shall clearly document that the relatively brief tenure of MatchNet plc's first [REDACTED] CPA -- was a constant losing battle to restrain looting of the company, in numerous ways, large and small, by [REDACTED] and [REDACTED] including but not limited to his repeated questioning of payments for life insurance coverage made for a person who neither worked at nor otherwise was formally associated with MatchNet plc, his overt objections to payments for automobile insurance policies unrelated to MatchNet plc's operations, his expressed concerns about payments for other "personal" expenses of [REDACTED] and [REDACTED] and his outright refusals to pay a "strip club" bill of over \$1,000 with MatchNet plc's monies -- as well as his strongly-asserted concerns over major risks imposed on MatchNet plc by its "Founders" in allowing [REDACTED] and [REDACTED] two convicted felons, to conduct some to-this-day-largely-unexplained "drug"-related business, for many months, in and from MatchNet plc's offices in Beverly Hills, over [REDACTED] constant sexual harassment of MatchNet plc's female employees (including but not limited to his statement to [REDACTED] a young woman in her early 20s whom [REDACTED] knew would shortly lose her employment, that "you can't live in my car, but you can live in my pants," as reported by [REDACTED] and [REDACTED] as well as by at least two other senior managers of MatchNet plc), over \$5,000 paid, monthly, to [REDACTED] "personal assistant" for services openly rumored, in MatchNet plc's World Headquarters, to provide fellatio for [REDACTED] up to several times per day, but not to yield many useful services for the company, and over federal tax liabilities, for company directors, due to these and to other such financial irregularities, together with his investigations into whether MatchNet plc had been or was then engaged in some form of "credit card generator" fraud shortly before he was abruptly pushed out as CFO.

b6
b7c

"Pump and Dump" Frauds

-- 14 --

June 21, 2001

Nor are huge outright frauds and major material omissions limited to only MatchNet plc's first Prospectus, issued in Great Britain, since its second Prospectus, issued in Germany, provides no information about key "drug-based" business relations between [redacted] and [redacted] and two convicted felons (which [redacted] objected to with huge intensity before he was replaced, as [redacted] by an individual who not only lacks formal "certified public accounting" standing, but who was also involved, previously, with [redacted] and [redacted] in promulgation of those "cook the books" frauds, which resulted in Israel in civil litigation and criminal allegations by minority shareholders, in Coopers & Lybrand's refusals to provide an audit opinion thereafter and in an adverse report by the Israeli court's Special Master, inter alia), nor any information about [redacted] remarkable efforts to thwart or to destroy MatchNet plc's business from late January, 2000 until the second Initial Public Offering was floated in Germany in June, 2000 (despite [redacted] and [redacted] having repeatedly signed affidavits, on their oaths, spelling out attacks starting with them and their investment bankers being physically detained, against their will, and becoming increasingly hostile over the five months that followed as this urgent information was withheld from investors who handed more than \$26 million over without being informed about an outright "shake down" by a federal felon who had earlier been in some "drug" deal with MatchNet plc).

b6
b7C

In short, if testimony by [redacted] and by [redacted] can be believed -- as to quintessential matters that each swore to, repeatedly, under penalties of perjury -- then NO reasonable doubts could exist, in the mind of ANY reasonable person, that a convicted felon TARGETED MatchNet for a "shake down" THROUGHOUT the critical five months IMMEDIATELY BEFORE ITS PUBLIC OFFERING in June, 2000!

b6
b7C

In fact, were [redacted] and [redacted] believed, then a man, who functioned as a key business-and-financial advisor to MatchNet plc, in 1999, devised and pursued an unrelenting series of destructive attacks against the company, in 2000, from not-later-than the last few days of January, 2000 or the first day or two of February, 2000, when [redacted] was first physically "intimidated," in the Beverly Hills office building then serving as MatchNet plc's World Headquarters (as [redacted] appears to have first reported, in any written form, on February 15, 2000, in his letter that specifically complained that "I was detained in the elevator with 4 executives from my underwriters. When I told the guard that I was going to push him out of the elevator[,] he replied 'I will hurt you if you push me.' Consequently, I called the police but the guards dogged them"), until at least June 27, 2000, when MatchNet plc's engineers and all other staff were physically "locked out" of its Internet Service Provider's "Network Operations Center" (on the day when, in Germany, MatchNet plc's equities began trading on the Neuer Markt).

b6
b7C

Indeed, ALWAYS-UNDISCLOSED business, financial and operational risks jeopardizing investors in MatchNet plc's shares grew more and

"Pump and Dump" Frauds

-- 15 --

June 21, 2001

more severe, continuously, during the almost precisely five months between when [redacted] first caused [redacted] to be physically "detained in the elevator with 4 executives from my underwriters" (e.g., from BHT Bank AG, its "lead" underwriter, Designated Sponsor and Konsortialfuhrer), during late January or very early February, 2000 (when he explicitly stated that even these initial events were "damaging my IPO," and specifically concluded that "MatchNet is too vulnerable considering its dependence on Worldsite [as its sole Internet Service Provider]"), and when [redacted] eventually sent MatchNet plc running to Los Angeles County Superior Court to beg an injunction to regain some access to its own servers and other core equipment (which [redacted] swore to constitute so severe a peril that "MatchNet's equipment, and business survival, would be continuously and adversely impacted if the equipment was not removed" at once from a Network Operations Center controlled by [redacted])

b6
b7c

However, although [redacted] "shake down" of MatchNet plc continued to escalate from initial detention of and other threats to [redacted] in the building elevator ("with 4 executives from my underwriters," who had to see what was going on, during the crucial months immediately before MatchNet plc's public offering in Germany was to float, in June, 2000, if [redacted] can be believed) to the coup de grace with MatchNet plc's engineers totally "locked out" of the facility housing its quintessential equipment on June 27, 2000 (which [redacted] quickly swore had thus imperiled MatchNet plc's "business survival"), investors appear to have been kept totally in the dark, even while being actively courted to pony up US\$26 million to MatchNet plc by its German underwriter, Designated Sponsor, and Konsortialfuhrer (which, if [redacted] were believed, had to know that what was going on, at MatchNet plc's World Headquarters, had not been "normal," at least in any Western state, since another Fuhrer began "terrorism" by detaining and roughing up German Jews).

b6
b7c

Yet, NEITHER MatchNet plc, NOR any of those "4 executives from my underwriters," who witnessed what was going on, first hand, in late January, 2000 or in early February, 2000 (if [redacted] is to be believed), appears EVER to have informed investors then starting to hand more than US\$26 million to MatchNet plc, over the very same five months, about said very disquieting events, which [redacted] stated explicitly, in writing, to have been observed by "my underwriters" (while nominally conducting "due diligence" investigations en premises), and to be "damaging my IPO," and which he concluded, in writing, led him squarely to one irrefutable fact: i.e. "MatchNet is too vulnerable considering its dependence on Worldsite."

b6
b7c

Nor have all major securities crimes, all other actionable securities frauds and all derivative racketeering conduct, devolving from wire, mail and electronic transmissions of fraudulent claims used to defraud investors throughout the United States and around the world, been committed solely by MatchNet plc -- through its two self-styled Founders, [redacted] and other duped shills utilized by them to market its likely-less-than-worthless "penny stock").

b6
b7c

"Pump and Dump" Frauds

-- 16 --

June 21, 2001

For key example, "bogus" information used to "price" MatchNet plc's shares at a \$7.50 "valuation" -- as employed to scam over \$5 million from defrauded investors during the final Private Placement round in March, 2000, to impose that same purported "valuation" on an objecting creditor (owed no-less-than \$16,666,666 under California Corporations Code §1300 et seq., after [redacted] very explicit "death threat" and [redacted] other strong-arm tactics had failed to coerce acceptance of MatchNet plc's stock, in lieu of an indisputable statutory right to demand at least \$16,666,666, in cash), and to claim, repeatedly, both to [redacted] orally, and also to [redacted] orally and in writing, that MatchNet plc' stock would trade at \$25 per share upon being listed with the Neuer Markt -- include FY 2000 income projections "endorsed" by MatchNet plc's investment advisory service, Value Management & Research AG and VMR Capital Markets US (a U.S. subsidiary adjacent to Beverly Hills).

b6
b7c

In major particular, MatchNet plc's formally-endorsed FY 2000 revenue claims -- which were promulgated in numerous ways by Value Management & Research AG, various subsidiary corporations, and its then alter-ego [redacted] together with being posted on their "official" website, at www.vmr.de, from some point in 1999 through mid April in 2000 -- explicitly stated: "The company's business plan projects \$20 million of internet revenue in 2000, a figure VMR deems achievable. In 2001, the company projects revenues of \$62 million, with profits before tax of \$26 million."

b6
b7c

Needless to say, after hyping MatchNet plc's share prices with these hugely-inflated claims, to defraud investors, in March, 2000, in Beverly Hills, and in June, 2000, on the Neuer Markt, in Germany (as well as to balk a creditor still owed not-less-than \$16,666,666 under an explicit statutory obligation after neither a death threat nor other strong arm tactics had succeeded), MatchNet plc's actual income came no closer to achieving this thus-formally-endorsed "\$20 million of internet revenue in 2000" -- despite this specifically being "a figure VMR deems achievable" -- than its reported revenues and profits had been able to meet figures required for [redacted] to be paid any "Performance" bonus for FY 2000 (namely a before-tax "profit" of between \$1,038,700 and \$1,982,200, on projected "gross revenues" of between \$3,763,000 and \$5,360,100, as was explicitly represented in the first "official" Prospectus issued in London in October, 1998 and promulgated from Beverly Hills through mid 1999).

b6
b7c

Simply put, MatchNet plc evidenced not merely large-securities frauds against investors with mathematical certainty, as to revenue of at least \$697,868 out of \$1,608,212 in "membership subscription" fees for Q1 of FY 2001 claimed within officially-required financial disclosure documents, nor just an entirely-inconceivable \$2,919,972 in fraudulently claimed advertising revenues nominally booked in FY 2001's Q4, nor simply bogus revenue claims made in its "official" Prospectuses for its two Initial Public Offerings (in London and in Frankfurt), nor only fraudulent numbers formally "endorsed" by its main financial advisory service (in order to hype its share price).

"Pump and Dump" Frauds

-- 17 --

June 21, 2001

MatchNet plc does so with astonishing arrays of amazing accomplishments by sex (of various kinds), by "drug" deals (of some major but-to-this-date-unexplained type), and by rock and roll (including both a specific death threat that was sworn to, on oath, by a disinterested third party who is a major figure in the "singles industry" in Beverly Hills, and also strong-arm tactics), whereby MatchNet plc's self-styled "Founders" appear to display remarkable-and-recurring bouts of self-inflicted wounds to the corporation's foot, groin and head, largely in the same comedy-of-errors-skit fashions of a previous securities fraud by [redacted] and [redacted] in Israel in 1995 (that quickly fell on them), of a later \$700,000 insurance claim fraudulently made to the Chubb Insurance Group in 1996 (that promptly collapsed when its fraud investigator found the "Bill of Sale" for computer equipment that [redacted] reported as stolen to Santa Monica police and to the Chubb), and of what was noted in a published decision of the California Court of Appeal in 1998 (that noticed their bumbling incompetence, in operating a pornographic video business, had not merely resulted in a distribution of what it termed "hard-core pornography" to grade-school "children across America," but acts it therein characterized as "giving a new meaning to the term 'kiddie porn,'" as teachers all over the U.S., in Utah, Michigan, Tennessee, Ohio and Mississippi, inter alia, reported having been genuinely "horrified" to see quite-young and entirely-impressionable students view film footage that showed adults "engaged in sexual intercourse" and "engaged in oral sex" as the rather-unexpected denouement to "The Best Christian Pageant Ever," bought from the national Scholastic, Inc.'s educational-materials company, wherein that court specifically documented both sales of up-to-32,500 copies of this "hard-core pornography" by Matrix Video Duplication Corp. (a company owned and operated by MatchNet plc's self-styled "Founders"), Schaefer/Karpf Productions v CNA Insurance Companies, 76 Cal.Rptr.2d 42, 43, 64 Cal.App.4th 1306 [1998], and also said company's legal agreement that it "would not contest liability" for having supplied this particular film smut, thus viewed, by myriad young American children, all across our country, and by their appropriately "horrified" teachers, Schaefer/Karpf at 44).

b6
b7c

Even in this preliminary overview, questions must necessarily arise, in the minds of all thinking people, as to how MatchNet plc, [redacted] and [redacted] and other persons and other companies assisting them in defrauding investors out of more than \$31 million in two Initial Public Offerings, in England and in Germany, and in two Private Placements of \$5 million each, in Beverly Hills (and in causing many more millions to be lost through fraud-based manipulation of MatchNet plc equity shares, in Neuer Markt trading, over the last 12 months), could have so far advanced such an international scheme to pull off the biggest "pump and dump" securities fraud, ever, for an Internet "start up" (as devised by these hard-core pornographers, earlier involved in "kiddie porn," to climax in the next week when restricted trading ends, after having already looted huge sums from over \$31 million raised by securities fraud), given their repeated ham-handedness and their often total bumbling!

b6
b7c

"Pump and Dump" Frauds

-- 18 --

June 21, 2001

At least two key answers exist which substantially explain how two such "fluffers," as MatchNet plc's self-styled "Founders," have been able to steal such large amounts from so many defrauded investors, in the United States and around the world, while operating a nominally English corporation, which now trades in Germany, at all times from Beverly Hills (and which go beyond the obvious fact that MatchNet plc was devised to take advantage of the "Internet bubble" and the equally undisputable reality that its management has been affirmatively assisted in MatchNet plc's huge frauds against investors not only, as a matter of public record, by one of the largest "phone sex" operators in the world, with a cash flow that has been as large as \$50 million per year, but also by professional services of myriad attorneys, auditors, bookrunners and investment bankers).

First, and most important for the larger issues raised by what appears to be the biggest international "pump and dump" securities fraud devised around an Internet "start up," ever, are those urgent points made, as a formal "Statement for the Record," to the Subcommittee on Crimes of the United States House of Representatives only nine days ago, on June 12, 2001, which is entitled "The FBI's Perspective on the Cyber Crime Problem," and which was then presented to the U.S. Congress by Thomas T. Kubic, Deputy Assistant Director.

In particular, the Bureau specifically indicated that because "Internet fraud does not have traditional boundaries as seen in traditional schemes," because "[n]o one knows the full extent of the fraud being committed on the Internet," because victims are not able to "report it to one central repository," and because "Cyber crime exists across FBI program boundaries and without regard to international borders" (and includes "securities and commodities," as well as "child pornography, denial of service attacks, intrusions, money laundering, and as a business tool to transact criminal activity"), inter alia, when these matters are viewed together, "[t]he use of the Internet for criminal purposes is one of the most critical challenges facing the FBI and law enforcement in general."

In fact, Mr. Kubic's extended "Statement for the Record" identifies point after point directly describing MatchNet plc's modus operandi, including crimes that "tend to be multi-jurisdictional" and "victims scattered across the United States and the world," and its outrageous lies that are advanced boldly and abandoned sub silentio, always to be replaced by a new series of misrepresentations that "reflect the nature of fraudsters to migrate from one fraudulent scheme to another, and is indicative of criminal behavior that would only continue to expand if left unaddressed," since, as the Bureau specifically stated to Congress, just one week ago, all law enforcement efforts, to this date, "in addressing Internet fraud, represent merely the tip of the iceberg when it comes to the threat posed by cyber crime," and are only a small "piece of a developing comprehensive FBI strategic plan addressing all aspects of cyber crime which will allow the FBI and law enforcement to effectively and efficiently maintain a high level of response capability and

"Pump and Dump" Frauds

-- 19 --

June 21, 2001

prosecutorial success," which the Bureau then informed the Subcommittee on Crime is essential, together with the clearly-recognized "need for cooperation and coordination between law enforcement and the private sector," whereby the "FBI continues to place a high priority on improving and developing private sector outreach programs to facilitate reporting and investigation of cyber crime."

Nor could a much more complete "poster child" for cyber crimes exist than MatchNet plc's bold international scheme to pull off the biggest "pump and dump" securities fraud on investors in the U.S. and all around the world, ever, for an Internet "start up," through sales of unregistered securities to American citizens, for a rather extended period of time from Beverly Hills, as devised and executed by two foreigners who earlier came to this country in order to sell pornography and who, according to the California Court of Appeal, had a key part in "giving a new meaning to the term 'kiddie porn.'"

Second, and very urgent for the integrity and the credibility of the American judicial system, are central roles played not only by a "death threat" and by other strong-arm tactics, but also by repeated uses of criminal perjuries both by [redacted] and also by [redacted] to prevent U.S. and European securities agencies, charged with preventing securities frauds in the United States and abroad, from investigating and shutting down MatchNet plc's ponzi.

b6
b7C

In fact, MatchNet plc has used substantial sums of those funds stolen from defrauded investors and numerous now-clear perjuries by [redacted] and [redacted] denying their extensive histories of hardcore pornography and of previous securities frauds, in order to obtain from a retired, 85-year old judge -- sitting specially in Los Angeles County Superior Court -- purported imposition of "Prior Restraint" on all rights explicitly guaranteed by the United States Constitution, both as to free speech, and also as to freedom to petition hereby for redress of those grievances set forth within this correspondence, as to those securities crimes outlined hereinabove, on overt threat of incarceration for revealing same hereby in order to attempt to prevent further financial losses by those investors, who would purchase MatchNet plc's likely-less-than-worthless "penny stock" when its self-styled "Founders" can sell six million shares, upon current trading restrictions ending on or about June 27, 2001.

b6
b7C

While the Los Angeles County Superior Court's acquittal of the man widely believed to have vicious slashed Nicole Simpson to death at her own home. In Brentwood, can likely never be topped -- either as the California judicial system's utmost disgrace or as the most absolute miscarriage of justice conceivable -- purported imposition of total "Prior Restraint" on the U.S. Constitution's most pivotal guarantees, by a retired Los Angeles County Superior Court Judge, sitting specially, notwithstanding repeated perjuries submitted to a gentleman over 85 years old, nonetheless has to be in the running for worst possible judicial performance ever, particularly when, in order to get to the point of purporting to order Prior Restraint on



U.S. Department of Justice

Federal Bureau of Investigation

Washington, D. C. 20535-0001

October 29, 2001

Mr. [REDACTED]
BFE
2025 Rose Point Lane
Kirkland, Washington 98033

b6
b7C

Dear Mr. [REDACTED]

Your recent communication to the FBI was referred to the Economic Crimes Unit for reply.

I am forwarding copies of your communication to our Los Angeles Field Office. If it should become necessary for the FBI to obtain additional information from you, you will be contacted by a representative from that office. Should you wish to provide any additional information which you believe may be of investigative interest to the FBI, please furnish the specific details directly to that office located at Suite 1700, FOB, 11000 Wilshire Blvd., Los Angeles, CA 90024-3672.

Sincerely,

b6
b7C

[REDACTED]
Unit Chief
Economic Crimes Unit
Financial Crimes Section
Criminal Investigative Division

① Los Angeles Field Office